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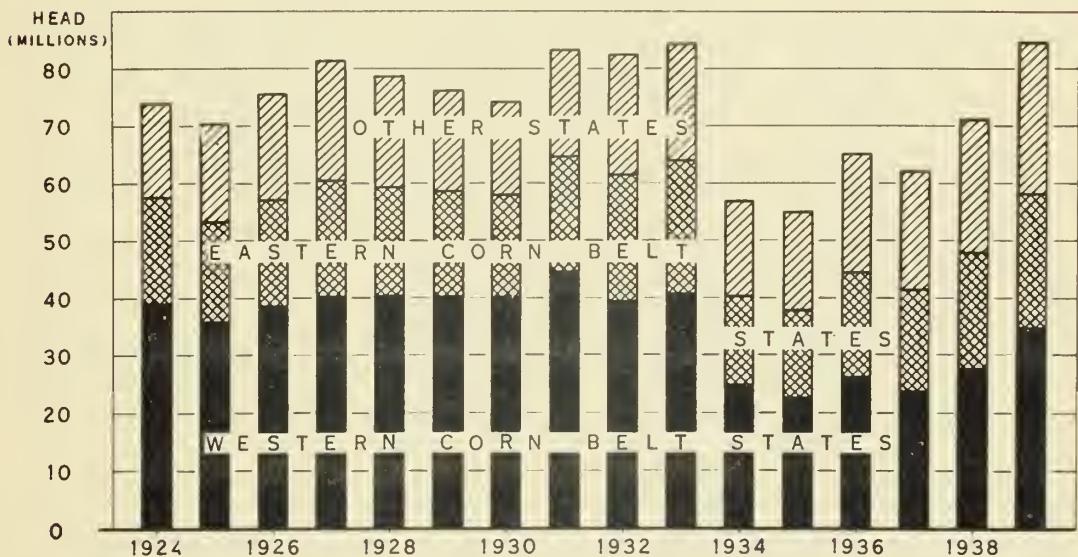
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JANUARY 19, 1940

THE LIVESTOCK SITUATION

1940 OUTLOOK ISSUE

ANNUAL PIG CROP



U. S. DEPARTMENT OF AGRICULTURE

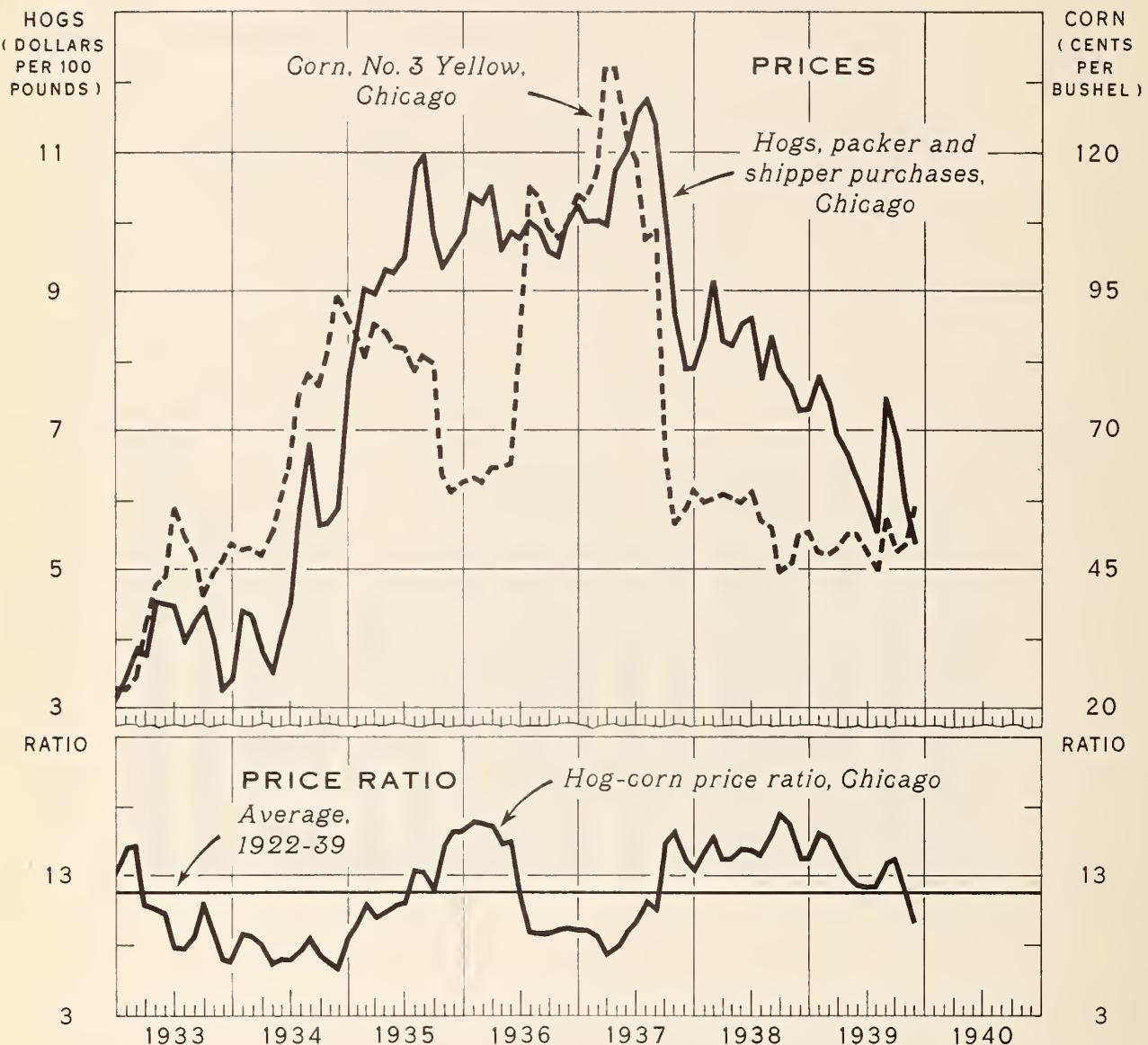
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THE 1939 PIG CROP OF 84.3 MILLION HEAD WAS 19 PERCENT LARGER THAN THAT OF 1938 AND WAS THE LARGEST CROP IN THE 17 YEARS OF RECORD. ALTHOUGH THE PIG CROP IN 1939 WAS MUCH LARGER THAN THAT OF 1938 IN ALL AREAS, THE CROP IN THE WESTERN CORN BELT IN 1939 WAS SMALLER THAN IN MOST YEARS PRIOR TO 1934. IN THE EASTERN CORN BELT THE CROP WAS A LITTLE LARGER THAN THE PREVIOUS HIGH IN 1933. IN THE AREA OUTSIDE THE CORN BELT, THE 1939 PIG CROP WAS MUCH THE LARGEST IN THE LAST 17 YEARS.

THE INCREASE IN THE 1939 PIG CROP IS ALREADY BEING REFLECTED IN INCREASED HOG MARKETINGS. PRESENT INDICATIONS ARE THAT THE 1940 PIG CROP WILL BE SMALLER THAN THAT OF 1939. THIS WILL MEAN A DECREASE IN HOG MARKETINGS IN 1940-41.

## PRICES OF HOGS AND OF CORN, AND HOG-CORN PRICE RATIO, CHICAGO, 1933-39



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**FIGURE I**

FROM OCTOBER 1937 THROUGH NOVEMBER 1939 HOG PRICES WERE HIGH IN RELATION TO CORN PRICES. THE HIGH HOG-CORN PRICE RATIO IN THIS PERIOD WAS AN IMPORTANT FACTOR IN THE SHARP INCREASE IN THE NUMBER OF PIGS RAISED IN 1938 AND 1939. IN NOVEMBER AND DECEMBER 1939 HOG PRICES DECLINED AND CORN PRICES ADVANCED. BY DECEMBER THE HOG-CORN RATIO WAS BELOW AVERAGE AND UNFAVORABLE FOR HOG RAISERS. THIS CHANGE IN HOG-CORN RATIO TOGETHER WITH OTHER FACTORS PROBABLY WILL RESULT IN SOME DECREASE IN THE NUMBER OF PIGS RAISED IN 1940.

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THE LIVESTOCK SITUATION

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Summary

Slaughter supplies of livestock in 1940 will be materially larger than in 1939, with most of the increase in hogs and grain-fed cattle. Consumer demand for meats in 1940 probably will average stronger than in 1939, but it may decline somewhat from present levels during the first half of this year. The upward trend in hog production which began in early 1938 apparently will be checked in 1940.

Present indications are that the pig crop in 1940 will be smaller than in 1939 and that slaughter supplies of hogs in 1940-41 will be smaller than in 1939-40. The ratio of hog prices to corn prices dropped sharply in November and December and now is unfavorable for feeding corn to hogs. Although some increase may occur in the ratio in the next few months, it probably will continue unfavorable to hog producers during most of 1940.

The 1939 pig crop totaled 84.3 million head; it was 19 percent larger than the 1938 crop and was the largest crop in the 16 years (1924-39) of record. The marked increase in slaughter supplies of hogs in the current hog-marketing year (October-September) reflects this sharp increase in the 1939 pig crop over those of 1937 and 1938.

The number of cattle on feed for market on January 1, 1940 was 12 percent larger than a year earlier in the Corn Belt States and 19 percent larger in the Western States. The total number on feed at the beginning of 1940 for the entire country was the largest in recent years. This large increase in the number of cattle on feed will be reflected in larger marketings of grain-fed cattle in 1940 than in 1939; the increase is expected to be most pronounced in the first half of the year.

The total number of sheep and lambs on feed on January 1, 1940 was about 3 percent larger than a year earlier and was the second largest on record. The increase in the Corn Belt States was about 5 percent over January 1, 1939. In the Western States the number of sheep and lambs on feed on January 1 was only slightly larger than a year earlier, and the total number fed in this area throughout the winter feeding season is expected to be smaller in 1939-40 than in 1938-39. Marketings of fed lambs during the remainder of the fed-lamb marketing season through April probably will be about as large as in the same period a year earlier, but supplies probably will be larger than a year earlier through February.

Although ranges and pastures have been very dry in California, the weather in December was favorable for early lambing. Early lambing in southern Arizona has been completed under very favorable conditions. Reports from Texas indicate that the early lamb crop in that State will be larger than it was last year.

Prices of all livestock advanced in the last half of December. Hog prices reached the lowest level in over 5 years in mid-December but have averaged somewhat higher since then. Prices of all grades of slaughter cattle declined moderately in the first half of December but strengthened in the last half of the month. In early January prices of well finished cattle rose a little more, but prices of short-fed cattle and prices of stocker and feeder cattle declined. Prices of lower grades of slaughter cattle have been relatively high in recent months, reflecting in part the strong demand for stocker and feeder cattle. This demand may not be so strong in 1940 as in 1939. Feed prices are generally higher than they were last year, and returns from cattle feeding will be less favorable in the first half of 1940 than in the first half of 1939. Prices of slaughter lambs declined throughout October, November, and early December, but in the last half of December they strengthened and remained about steady during the first part of January.

## REVIEW OF RECENT DEVELOPMENTS

## HOGS

Hog prices strengthen in late December but weaken again in January

After declining to the lowest level in over 5 years in mid-December, hog prices advanced moderately in the last half of December but weakened again in early January. The average price of butcher hogs at Chicago for the week ended January 13 was about \$5.35, compared with \$5.25 a month earlier and \$7.20 a year earlier. The steady decline in hog prices which has occurred since September reflects chiefly the sharp seasonal increase in slaughter supplies in the past 3 months.

Slaughter supplies of hogs increase

Slaughter supplies of hogs increased sharply in December. Federally inspected slaughter for the month totaled 5,236,000 head, 18 percent more than in November and 20 percent more than in December last year. It also was the largest inspected slaughter for December since 1931. Inspected slaughter in the first quarter (October-December) of the current hog-marketing year was 14 percent larger than in the same quarter a year earlier.

Exports of pork and lard increase in November

Exports of pork in November totaled 7.3 million pounds and were larger than a month earlier for the first time since July. They were considerably smaller than the 11.1 million pounds shipped abroad in November 1938, however. For the first 11 months of 1939 (January-November) exports of pork totaled 112.2 million pounds, 24.6 million pounds more than in the corresponding period of 1938.

Exports of lard in November were about one-third larger than in October and also were considerably larger than in the corresponding month of 1938. Total shipments during the month amounted to 25.7 million pounds, compared with 16.0 million pounds in November 1938 and the 5-year (1934-38) November average of 16.4 million pounds. Exports of lard in the first 11 months of 1939 totaled 258.4 million pounds and were about 40 percent larger than in the first 11 months of 1938.

Storage stocks of lard increase sharply during December

The increase in storage stocks of lard during December amounted to 72 million pounds - one of the largest in-storage movements in December on record. This increase raised the total stocks of lard on January 1, 1940 to 161 million pounds, compared with 107 million pounds a year earlier and 96 million pounds, the 1935-39 January 1 average.

Total stocks of frozen and cured pork also increased during December but the in-storage movement was little different from that of December 1938

or the 5-year (1934-38) December average. Stocks of pork on January 1, 1940 totaled 467 million pounds, or about 9 percent more than a year earlier but about 7 percent less than the January 1, 1935-39 average.

Storage holdings of pork and lard on the first of the month, average 1934-35 to 1938-39, 1938-39, and current marketing year

Month	Pork			Lard		
	Average			Average		
	1934-35	1938-39	1939-40	1934-35	to	1938-39
	1938-39			1938-39		
	Mil. lb.					
Oct.	344.6	277.2	300.2	87.6	89.9	78.8
Nov.	323.7	251.6	272.7	69.6	67.7	68.7
Dec.	378.9	294.1	332.3	71.8	74.5	89.0
Jan.	502.0	430.1	1/ 467.4	95.6	107.4	1/ 161.3
Feb.	584.6	526.4		120.5	132.1	
Mar.	603.7	542.1		126.7	125.3	
Apr.	580.1	523.2		129.9	129.3	
May	561.3	527.2		129.1	129.5	
June	515.7	520.3		129.4	132.3	
July	474.7	496.8		130.2	148.4	
Aug.	422.6	454.3		121.2	139.8	
Sept.	361.9	360.9		101.8	110.4	

1/ Preliminary.

#### BEEF CATTLE

##### Cattle prices in early January about the same as a month earlier

After declining moderately in the first half of December, prices of all grades of slaughter cattle strengthened in the last half of that month, and in early January they were little different from a month earlier. The average price of good grade beef steers at Chicago for the week ended January 13 was about \$9.25, compared with \$9.30 a month earlier and \$10.25 a year earlier. Prices of the upper grades of slaughter cattle in early January averaged around \$1.00 lower than at the beginning of 1939, but prices of the lower grades were little different from a year earlier. Prices of light weight slaughter cattle remained high in relation to heavy cattle during December and in early January. Prices of stocker and feeder cattle in the first part of January were at about the same level which has prevailed since September.

##### Slaughter supplies of cattle decreased in December

Slaughter supplies of cattle decreased seasonally in December but were slightly larger than in December 1938. Total Federally inspected slaughter

for the month amounted to 773,000 head, 64,000 head less than in November, but 15,000 head more than in December a year earlier. Since mid-November, marketings of short-fed cattle have increased considerably, reflecting to some extent the large early movement of heavy feeder cattle in the late summer and early fall. The number and proportion of well finished grain-fed cattle marketed have decreased during the past month.

Slaughter supplies of cattle were smaller in most months of 1939 than in 1938 and inspected slaughter for the year totaled 9,446,000 head, or about 3.5 percent less than in 1938. The average weight of cattle slaughtered was slightly heavier in 1939 than a year earlier, however, and the total live weight of cattle slaughtered under Federal inspection was only about 1.5 percent less than in 1938.

Inspected calf slaughter totaled 381,000 head in December, compared with 450,000 head in November and 417,000 head in December 1938. Total inspected calf slaughter for the year amounted to 5,264,000 head, or about 4 percent less than in 1938.

Imports of cattle in November about the same as a month earlier

Imports of all cattle totaled about 62,000 head in November, or about the same as a month earlier but about 7,000 head more than in November 1938. Imports of cattle weighing 700 pounds and over totaled over 16,000 head. Of these, 335 head came from Mexico and paid the full duty of 3 cents per pound, since the quota to countries other than Canada was filled in October. Imports of heavy cattle from Canada in November totaled a little over 15,000 head, or about 2,500 head less than in October. The Canadian quota for the last quarter of 1939 was 85 percent filled by the end of November. Imports from Mexico of cattle weighing from 200 to 700 pounds totaled 39,000 head in November, compared with 24,500 head in October.

Cattle imports from Canada, Mexico, and all countries, by weight groups, and imports of beef and veal, January-November 1936-39

	Cattle						Beef and veal, total			
	Canada	Mexico	All countries			all countries	Can-	Peef	and	veal,
Period:	200-: 700	: 200-: 700	All	200-: 700	All	All	All	Can-	Peef	and veal,
:	699 :lb. and	: 699 :lb. and	cat-	699 :lb. and	cat-	699 :lb. and	cat-	ned	fresh,	pickled
:	lb. : over	: lb. : over	lb.	lb. : over	lb.	lb. : over	lb.	beef	and	cured
:	1/ : 2/	: 1/ : 2/	1/	1/ : 2/	1/	1/ : 2/	1/			
	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Mil.	Mil.	
Jan.-	sands	sands	sands	sands	sands	sands	sands	lb.	lb.	
Nov. :										
1936 :	34	136	240	132	22	156	166	158	397	86
1937 :	50	157	303	167	25	194	213	182	498	85
1938 :	8	69	135	210	46	257	218	114	393	72
1939 :	11	170	279	367	55	455	378	225	734	83

1/ 175,700 pounds prior to 1939.

2/ Excluding cattle imported for dairy purposes.

3/ Actual weight of imports, chiefly from Argentina, Uruguay, Brazil, and Chile.

## LAMBS

Lamb prices strengthen in last half of December

Prices of slaughter lambs declined in October, November, and the first half of December. But in the last half of December they strengthened and remained about steady during the first part of January. The average price of good and choice grade slaughter lambs at Chicago for the week ended January 13 was \$9.05, about 30 cents higher than a month earlier and 30 cents higher than a year earlier.

Prices of slaughter ewes have advanced steadily since August, and in mid-January the average price of \$4.30 for good and choice grade slaughter ewes at Chicago was about \$1.10 higher than the August 1939 average. This advance reflects in part the marked rise in prices of wool in recent months. Prices of feeder lambs strengthened considerably in the last half of December and the first part of January. The average price of good and choice feeder lambs at Omaha for the week ended January 13 was \$8.50 compared with \$8.20 a month earlier and \$8.25 a year earlier. In mid-January the spread between prices of feeder lambs and slaughter lambs was narrower than it had been since August.

Marketings of sheep and lambs decrease seasonally in December

Marketings of sheep and lambs decreased in December. Federally inspected slaughter for the month totaled 1,339,000 head, 80,000 head less than in November but 42,000 head more than in December 1938. November and December have been the only months in the current lamb marketing year, which began May 1, in which slaughter supplies of sheep and lambs have been larger than a year earlier. The increase in these 2 months over the corresponding months of 1938 probably reflects the increase in marketings of fed lambs from the Corn Belt.

## OUTLOOK - HOGS

On the basis of the December 1939 pig crop report and other information, it is expected that the pig crop of 1940 will be smaller than the 1939 crop. This decrease will follow large increases in 1938 and 1939. The increase in the 1939 pig crop over that of 1938 is being reflected in a marked increase in supplies of hogs for market in 1939-40 compared with those of 1938-39. But present indications are that slaughter supplies of hogs in 1940-41 will be smaller than in 1939-40.

The combined spring and fall pig crop of 1939 totaled 84.3 million head. This was about 19 percent greater than the total crop of 1938 and it was the largest crop in the 16 years (1924-39) of record. The 1939 fall pig crop was 16 percent larger than the 1938 fall crop, and it also was the largest in the 16 years of record. The 1939 spring pig crop was 20 percent greater than that of 1938.

The increase in the 1939 fall crop was a little larger than seemed probable a few months ago. In the hog outlook report for 1940 released in

early November and in recent issues of the Livestock Situation it was stated that the 1939 pig crop probably would total about 83 million head, or about 1 million head less than the estimate released by the Agricultural Marketing Service in late December.

Spring and fall pig crops, 1938 and 1939, and number of sows farrowed spring 1939 and 1940

Region	Spring crop			Fall crop			Sows farrowed		
	1939		As	1939		As	1940		1/
	1938	Number:pct.	1938	Number:pct.	1939	Number:pct.	1939	As	
	: of	: of	: of	: of	: of	: of	:ber	pct.of	1939
	Thou- sands	Thou- sands	Per- cent	Thou- sands	Thou- sands	Per- cent	Thou- sands	Thou- sands	Per- cent
East North Central	11,732	13,399	114	8,374	10,079	120	2,123	2,263	107
West North Central	12,718	24,696	125	2,148	9,616	118	4,007	5,981	99
North Central	31,450	38,095	121	16,522	19,695	119	6,130	6,244	102
North Atlantic	867	921	106	806	901	112	149	150	101
South Atlantic	3,495	3,823	111	3,095	3,192	103	663	650	98
South Central	6,119	7,449	122	5,942	6,663	112	1,292	1,231	95
Western	1,519	1,959	123	1,236	1,529	119	315	305	97
United States	43,450	52,317	120	27,651	31,985	116	8,549	8,580	100

Agricultural Marketing Service.

1/ Number indicated to farrow from breeding intentions reports.

Slaughter supplies in 1939-40

Earlier issues of the Livestock Situation indicated that inspected hog slaughter in the 1939-40 hog marketing year (October-September) probably would be around 47 million head, compared with 39.7 million head in 1938-39. This indication was based upon the relationship of changes in the pig crop and changes in inspected hog slaughter over a period of years. The relation of the changes in pig crop to changes in slaughter is fairly close; in other words an increase in the pig crop from 71 million to 83 million head obviously would result in a large increase in slaughter. It was roughly estimated that inspected slaughter would total 47 million head.

With the pig crop now estimated at 84 million head, and with the largest increase in the fall pig crop in the Corn Belt, inspected slaughter in the 1939-40 marketing year may exceed 47 million head. Because of the different regional distribution of the 1939 pig crop from other years when the total United States crop was about the same, my forecast of slaughter based on past relationships with pig crop can not be exact. Present indications support an estimate of inspected slaughter in 1939-40 larger than 47 million head and the total may exceed 48 million head.

Domestic and foreign demand stronger in 1940

For the entire year 1940 incomes of consumers are expected to average higher than in 1939. This will mean a stronger consumer demand for meats and

lard. A broader export outlet for pork and lard also is in prospect for 1940. The effects of the improvement in consumer demand and foreign demand upon hog prices, however, are expected to offset only partly the increase in supplies of hogs.

#### Seasonal reduction in marketings

The seasonal decrease in hog marketings in the late winter and early spring may not be as large as it usually is during this season of the year. Marketings of spring pigs so far this season have been somewhat later than usual, despite the declining hog prices and advancing corn prices in the past 3 months. The percentage increase in hog slaughter over a year earlier in October and November was considerably less than the increase in the 1939 spring pig crop over that of 1938. In December the percentage increase in slaughter was only about equal to the increase in the spring pig crop. In early December reports from farmers indicated that the number of hogs over 6 months old on farms in the Corn Belt was 28 percent greater than a year earlier, whereas the 1939 spring pig crop in the Corn Belt was 21 percent greater than that of 1938. These changes in slaughter and numbers indicate that the increase in hog marketings over a year earlier in the next 3 or 4 months will be somewhat larger than in the last 3 months. It is expected that slaughter in the second quarter (January-March) of 1939-40 marketing year will exceed slaughter in the first quarter (October-December).

Supplies during the second half of the marketing year will be materially larger than those of the second half of 1938-39. Marketings of fall pigs will be larger than in the same period a year earlier, and there may be a considerable increase in marketings of packing sows in the summer.

#### Decrease in 1940 pig crop

The number of sows to farrow in the spring of 1940 was indicated to be about the same as the number farrowing in the spring of 1939. This indication was based upon breeding intentions reported about December 1 and the relation of these intentions to subsequent farrowings in other years. The ratio of hog prices to corn prices has become much less favorable since December 1; the drop in the ratio in the past 2 months has been one of the most marked on record for that season of the year. For more than 2 years (October 1937 through November 1939), the hog-corn ratio had been above average and hence favorable for feeding corn to hogs. But in December it was reduced to a figure considerably below average. Although some increase in the ratio may occur in the next few months, it probably will continue unfavorable for hog producers. Consequently, farmers may not keep as many sows for spring farrow in 1940 as they indicated about December 1. In view of the prospects for an unfavorable hog-corn price ratio during most of 1940, it now seems probable that both the spring pig crop and the fall pig crop of 1940 will be smaller than the crops of 1939.

This indication of the 1940 pig crop differs somewhat from that given in earlier issues of the Livestock Situation, which stated that the increase in 1940 pig crop over that of 1939 would be relatively small. This change

in prospects probably is due to the contra-seasonal rise in prices of corn and other feeds in recent months and the greater than seasonal decline in hog prices since September.

#### Regional changes in hog production

The percentage increase in the 1939 pig crop over that of 1938 was greater in West North Central (Western Corn Belt) States and in the Western States than in other regions. The pig crop in 1939 was substantially larger than the pre-drought (1929-33) average in all regions, except the Western Corn Belt, where it was 16 percent below the pre-drought average. The largest percentage increases over the pre-drought average were in the South Central States (51 percent) and in the South Atlantic States (43 percent).

Combined spring and fall pig crops, by regions, average 1929-33,  
annual 1935-39

Region	: Aver- :      : 1939 as : 1939 as a							
	: age : 1935 : 1936 : 1937 : 1938 : 1939 : a per-	: centage : of average						
	: 1929- :      :      :      :      :      : 1/	: centage : of 1938 : 1929-33						
	: Thou- : Thou- : Thou- : Thou- : Thou- : Thou-				Percent	Percent		
	: sands	sands	sands	sands	sands			
E.N. Central	: 20,174	15,442	18,081	17,860	20,106	23,478	117	116.4
W.N. Central	: 41,012	22,646	26,376	23,581	27,866	34,312	123	83.7
All N. Central	: 61,187	38,088	44,457	41,441	47,972	57,790	120	94.4
North Atlantic	: 1,372	1,270	1,511	1,615	1,673	1,822	109	132.2
South Atlantic	: 4,941	4,943	5,342	5,925	6,590	7,085	108	143.4
South Central	: 9,349	8,779	10,595	10,206	12,061	14,117	117	151.0
Western	: 3,177	2,006	2,712	2,720	2,805	3,428	124	103.8
	:							
United States	: 80,032	55,086	64,917	61,907	71,101	84,302	119	105.3

Agricultural Marketing Service.

1/ Preliminary.

Decreases in the 1940 spring pig crop from that of 1939 apparently are in prospect in all regions, except the East North Central States (Eastern Corn Belt). Breeding intentions reported about December 1 indicated that the number of sows farrowing in the spring of 1940 in the East North Central States would be about 7 percent greater than the number farrowing in the spring of 1939. But it may be that changes in hog prices and corn prices since December 1 will result in a smaller increase or a slight decrease in the number of sows kept for spring farrow in this area.

In the Western Corn Belt, where hog production is still below the pre-drought average, the decrease in the 1940 spring pig crop probably will be largely in the area west of the Missouri River, where feed production in 1939 was sharply curtailed by drought. Small decreases, however, may occur in the rest of this region.

## OUTLOOK - CATTLE

Number of cattle on feed on January 1 largest in recent years

The number of cattle on feed for market on January 1 was larger this year than last in both the Corn Belt States and the Western States. The increase over a year earlier was 12 percent for the Corn Belt and 19 percent for the Western States. The total number of cattle on feed at the beginning of 1940 for the entire country was the largest in recent years.

In the five Eastern Corn Belt States the total number of cattle on feed probably was the largest in the last 20 years, and it was 10 percent larger on January 1 this year than last. Increases reported over a year earlier ranged from 5 percent in Ohio to 15 percent in Indiana. In the Western Corn Belt changes in the number of cattle on feed from a year earlier ranged from a 3 percent decrease in Kansas to a 25 percent increase in Missouri; and for the entire area the increase was 13 percent. The number on feed in Minnesota, Iowa, and Missouri was about the largest in the last 20 years, but in South Dakota, Nebraska, and Kansas the number on feed on January 1, 1940 was smaller than the number fed in most years before 1934.

Increases in the number of cattle on feed were reported in 7 of the 11 Western States, decreases were reported in two States, and numbers were unchanged in two States. In Texas the number on feed on January 1 was about the same this year as last but the number on feed in Oklahoma was smaller. Cattle feeding in the Lancaster, Pennsylvania area also is somewhat reduced from last year.

Much larger marketings of fed cattle in first half of 1940

The large increase in the number of cattle on feed will be reflected in materially larger marketings of grain-fed cattle in 1940 than in 1939. This increase is expected to be most pronounced in the first half of the year.

Reports from Corn Belt feeders as to the months they expect to market the cattle on feed on January 1 show a larger proportion to be marketed from January through April this year than last. These reports and market records, showing a larger proportion of heavy feeder steers in the shipments of stocker and feeder cattle into the Corn Belt in the last half of 1939, indicate considerably larger marketings of fed cattle in the next several months than in the same period a year earlier. The increase in marketings of fed cattle in the next few months probably will be more in short-fed cattle than in long-fed well-finished cattle.

Marketings of cows and heifers in the first half of 1940 probably will be smaller than in the first half of 1939, but the reduction may not be large enough to offset the material increase in marketings of fed cattle (mostly steers). Total cattle slaughter in the first half of this year may be as large as or larger than that of the corresponding period of last year.

In most months of 1939 cattle slaughter was smaller than a year earlier, but in December it was a little larger. The increase over a year earlier may

continue in the first half of this year. In the last half of 1940 marketings of cattle, especially cows, will depend upon what weather and feed conditions develop.

#### Cattle prices

Consumer demand for meats in the first half of this year is expected to be stronger than a year earlier, and this will be a supporting influence to prices of all kinds of slaughter cattle. On the other hand, total beef supplies may be as large as those of last year, and because of larger hog slaughter pork and total meat supplies will be increased. Prices of grain-fed cattle also will be affected adversely by the relatively large proportion of such cattle in the total cattle supplies.

The proportion of lower grades of slaughter cattle in the total supply probably will be smaller than a year earlier and this will give some support to prices of such cattle. An important strengthening factor to prices of the lower grades of slaughter cattle in the past year has been the strong demand for stocker and feeder cattle. This demand may not be so strong in 1940 as in 1939. Feed prices are generally higher than last year, and returns from cattle feeding operations will be less favorable in the first half of 1940 than in the first half of 1939.

#### OUTLOOK - SHEEP AND LAMBS

##### Number on feed on January 1 larger than a year earlier

The number of sheep and lambs on feed about January 1, 1940 in the principal feeding States was 3 percent larger than the number on feed on January 1, 1939. The estimated number on feed on January 1 this year of 6 million head was the second largest on record.

In the 11 Corn Belt States the number of sheep and lambs on feed on January 1 was about 5 percent larger than a year earlier. Increases were reported in both the Eastern Corn Belt and the Western Corn Belt. Indiana and Kansas were the only two Corn Belt States where decreases were reported. In Kansas the decrease was largely in the number on wheat pastures as little wheat pasture has been available for finishing lambs this year.

In the Western States (including North Dakota, Texas, and Oklahoma) the number of sheep and lambs on feed on January 1 was only a little larger than a year earlier. Increases were reported in 9 of the 14 States, with decreases in the other 5. The largest increases were in Montana, Wyoming, and New Mexico; the largest decreases were in Colorado and Oklahoma. The total number on feed in Colorado, the most important feeding State, was the smallest since 1927.

Earlier in the season it seemed probable that the number of sheep and lambs fed in the Western States would be smaller this year than last. Although the number on feed on January 1 was a little larger than the year earlier, the number fed throughout the winter feeding season in the Western States is expected to be smaller in 1939-40 than in 1938-39.

## Sheep and lambs on feed by States as of January 1, 1936-40 1/

State	: Jan. 1, 1936	: Jan. 1, 1937	: Jan. 1, 1938	: Jan. 1, 1939	: Jan. 1, 1940
	: 1,000 head				
New York .....	50	50	50	45	45
Ohio .....	285	300	345	324	375
Indiana .....	225	230	295	206	190
Illinois .....	267	260	290	200	280
Michigan .....	240	260	286	250	262
Wisconsin .....	90	78	73	82	82
Minnesota .....	260	340	285	245	300
Iowa .....	460	540	470	470	530
Missouri .....	140	115	120	150	170
South Dakota .....	225	180	193	212	212
Nebraska .....	780	450	585	600	660
Kansas .....	220	215	260	350	250
Total Corn Belt ....	3,192	2,718	3,207	3,149	3,311
North Dakota .....	105	70	70	84	94
Oklahoma .....	45	55	85	98	55
Texas .....	125	170	220	210	231
Montana .....	135	150	190	215	300
Idaho .....	170	285	225	210	196
Wyoming .....	180	250	238	245	300
Colorado .....	1,250	1,030	1,185	1,105	925
New Mexico .....	39	66	70	65	141
Arizona .....	15	15	10	9	15
Utah .....	120	295	240	144	153
Nevada .....	13	20	7	12	15
Washington .....	32	51	35	41	37
Oregon .....	45	100	75	70	58
California .....	115	212	90	121	124
Total Western .....	2,339	2,769	2,740	2,629	2,644
Total United States :	5,631	5,537	5,997	5,823	6,000

Agricultural Marketing Service.

1/ Includes sheep and lambs on feed in commercial feed lots.

Slaughter supplies

Marketings of fed lambs during the remainder of the fed lamb marketing season (up to May 1) probably will be about as large as during the same period a year earlier. Indications are that supplies will be larger than a year

earlier through February, with some reduction in March and April. The larger number on feed in the Corn Belt on January 1 along with the fact that most of the lambs fed in the Corn Belt are usually marketed before mid-winter is the chief reason for expecting larger marketings through February. In the Western States the number of lambs placed on feed after January 1 probably will be smaller this year than last, and with most of the marketings in March and April from the Western States, a small decrease may occur during these 2 months.

Present prospects indicate that marketings of yearlings and early lambs from Texas this spring will be larger than last spring. Thus it may be that total slaughter supplies of sheep and lambs in the next 3 or 4 months will continue larger than a year earlier.

#### Prospects for early lambs

Although range and pastures have been very dry in California, the weather in December was favorable for early lambing. Early lambing in southern Arizona has been completed under very favorable conditions. Reports from Texas indicate that the early lamb crop in that State will be larger than it was last year.

Rains and snow in late December improved range feed prospects in Texas. In California the average pasture and range condition on January 1 was the lowest on record for that date, and the use of supplemental feeds has been heavy for ewes and lambs. Heavy rainfall over all of California in early January is expected to result in much better pastures in the spring of 1940 than in the spring of 1939, when the shortage of pasture caused a large early movement of spring lambs.

#### Prices of lambs

Prices of slaughter lambs during December and early January were a little higher than a year earlier. The stronger consumer demand and higher prices for wool more than offset the effects of the larger supplies upon prices.

During the remainder of the fed lamb marketing season (through April) consumer demand for meats is expected to continue stronger and wool prices will continue higher than last year. Thus, even if slaughter supplies of sheep and lambs should be larger than a year earlier, prices of lambs in the next 3 or 4 months probably will continue about the same as or a little higher than in the corresponding months of 1939. The average price of good and choice slaughter lambs at Chicago from February through April 1939 was about \$9.30.

## Supplies of hogs and hog products, specified periods

					Oct.-Sept.		Oct.-Nov.		
Item	Unit	Nov.	Oct.	Nov.	Average:				
					1928-29	1937-	1938-	1938 : 1939	
					: 1938	: 1939	: to : 38	: 39	
								: 1932-33:	
Hog slaughter under									
Federal inspection:									
Number slaughtered	Thou-								
	1/ ....:sands	3,913	3,545	4,437	46,363	34,580	39,720	7,224	7,982
Live weight:									
Average .....	Pound	224	227	228	231	234	234	222	228
Total .....	Mil.lb	378	306	1,010	10,723	8,029	9,311	1,606	1,816
Total dressed wt. :: " "		652	501	754	8,069	6,046	6,975	1,183	1,354
Yield of lard per									
100 pounds live									
weight of hogs ...:Pound		12.0	12.8	13.7	15.2	12.4	13.3	12.2	13.2
Production of lard.:Mil.lb		106	103	138	1,630	1,002	1,232	195	241
Exports: 2/									
Pork .....	Mil.lb	11	7	7	211	89	125	18	14
Lard .....	" "	16	19	26	657	208	270	37	45
Imports of pork 2/ ..: " "		4	1	1	6	57	50	7	2
Proportion of sows in:									
inspected slaughter									
	3/ ..: Pct.	43.7	48.0	46.5	51.2	49.9	49.3	45.7	47.1

Agricultural Marketing Service, except as specified. 1/ Bureau of Animal Industry.  
 2/ United States Department of Commerce. Pork includes bacon, hams and shoulders,  
 and fresh, canned and pickled pork. Lard includes neutral lard. 3/ Includes gilts.

## Prices of hogs and hog products, specified periods

					Oct.-Sept.		Oct.-Dec.		
Item	Unit	Dec.	Nov.	Dec.	Average:				
					1938	1939	1938-1939		
					: to	: 38	: 39	: 40	
Av.price, all purchases:Dol.per:									
Seven markets .....	100 lb.	7.15	5.77	5.24	1/	8.33	6.85	7.47	5.89
Chicago .....	" "	7.24	5.97	5.38	6.99	8.47	7.00	7.58	6.07
Av.price of barrows									
and gilts, Chicago ..:	" "	7.30	6.04	5.45	1/	8.76	7.23	7.64	6.18
U.S.average price re-									
ceived by farmers ...	" "	6.90	5.87	5.03	6.48	8.07	6.70	7.14	5.81
Av.price of No. 3	Ot.per								
yellow corn, Chicago .:	bu.	51	50	56	62	57	49	47	51
Hog-corn price ratio-									
Chicago 2/ .....	Bu.	14.2	12.0	9.6	11.6	14.8	14.4	16.1	11.9
No.Central States ....	"	17.1	13.9	10.6	12.9	17.6	16.6	18.9	13.4
Proportion of packing									
sows in total packer									
and shipper purchases,									
7 markets 3/ .....	Pct.	5.0	8.0	5.0	1/	13.0	13.0	8.0	9.0
Av.wt.at 7 markets ....	Pound	237	233	236	1/	246	247	229	235

Agricultural Marketing Service. 1/ Not available. 2/ Number of bushels of corn  
 equivalent in value to 100 pounds of live hogs. 3/ Monthly figures computed from  
 weekly averages.

Slaughter and market supplies of cattle and calves,  
specified periods

Item	Unit	Year		Month	
		Average:	1938	1938	1939
		1924-33:	Nov.	Dec.	Oct.
Slaughter under Federal inspection:					
Number slaughtered:	Thou-				
Cattle 1/ .....	sands	8,850	9,776	858	758
Calves 1/ .....	"	4,819	5,492	457	417
Cows and heifers .....	"	4,181	4,864	455	405
Steers .....	"	4,340	4,516	363	328
Average live weight:					
Cattle .....	Pound	953	921	928	933
Calves .....	"	175	189	205	189
Total dressed weight:					
Cattle .....	Mil.lb.	4,532	4,798	417	373
Calves .....	" "	487	581	51	43
Inspected shipments 1/:	Thou-				
Feeder cattle and calves:	sands	2,894	2,704	359	224
Imports:					
Cattle 2/ .....	"	253	474	55	40
Canned beef 3/ .....	Mil.lb.	4/ 36	79	6	7

Agricultural Marketing Service, except as specified. 1/ Bureau of Animal Industry.  
 2/ United States Department of Commerce. General imports prior to 1934, beginning January 1, 1934, imports for consumption. 3/ United States Department of Commerce. Imports for consumption. 4/ Figures include "other canned meats" prior to 1929.

Price per 100 pounds of cattle and calves, December 1939, with comparisons

Item	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.
	average	1937	1938	1939	1939	1939
	1924-33					
Beef steers sold out of first hands at Chicago:	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Choice and Prime .....	11.97	12.30	12.13	10.38	10.24	10.50
Good .....	10.18	9.69	10.16	9.68	9.52	9.44
Medium .....	8.67	7.90	8.63	8.54	8.59	8.44
Common .....	7.22	6.73	7.08	7.11	7.30	7.17
All grades .....	9.44	8.96	10.13	9.87	9.63	9.59
Cows, Chicago:						
Good .....	1/ 6.32	6.50	6.68	6.81	6.79	6.72
Low Cutter and Cutter ....	2/ 3.70	4.36	4.59	3/4.76	3/4.64	3/4.60
Vealers, Chicago:						
Good and Choice .....	10.00	10.10	9.16	10.91	9.91	9.91
Stocker and feeder steers, Kansas City:						
Average price, all weights:	4/ 7.22	6.71	8.00	8.04	7.95	7.96
Average price paid by packers:						
All cattle .....	6.85	6.29	7.20	7.35	7.28	
Steers .....	5/	5/	9.12	9.13	9.05	
Calves .....	8.10	7.12	7.74	8.01	7.66	

Agricultural Marketing Service. 1/ Good and Choice, 1924-27. 2/ Canner and Cutter, 1924-June 1926. 3/ Average of Cutter and Common, and Canner. 4/ Average 1925-33. 5/ Not available.

## Supplies of sheep and lambs, specified periods

Item	Unit	Year		Month					
		Av.	1924-33	1938	1938	1939	1939	1939	1939
		1924-	1938	Nov.	Dec.	Nov.	Dec.	Oct.	Nov.
		33		: Nov.	: Dec.	: Nov.	: Dec.	: Oct.	: Nov.
Slaughter under	:	:	:						
Federal inspection:	:	:	:						
Sheep and lambs:	:	:	:						
Number slaughtered	: Thou-	sands	: 14,737	18,060	1,184	1,202	1,453	1,347	1,585
Average live weight	: Pound		81	85	82	84	85	88	84
Average dressed weight	: do.		39	40	39	40	39	41	39
Total dressed weight	: Mil.lb.		569	720	46	47	57	55	62
Lambs and yearlings:	: Thou-	sands	: 13,678	16,884	1,096	1,117	1,353	1,265	1,450
Number slaughtered									1,373
Percentage of total:									
sheep and lambs ..:	Percent:		92.8	93.5	92.6	92.9	93.1	93.9	91.5
Agricultural Marketing Service, except as specified.									93.5

Prices per 100 pounds of sheep and lambs, by months, October-December, 1937-39

Item	1937			1938			1939		
	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs,									
Chicago:									
Good and choice 1/	10.08	9.46	8.70	8.24	8.84	9.02	9.52	9.25	8.87
Slaughter ewes,									
Chicago:									
Common and medium	3.09	2.84	2.97	2.48	2.80	2.91	2.80	2.86	2.91
Feeding lambs, Omaha:									
Good and choice ...:	9.13	8.70	7.95	7.37	7.84	8.07	8.50	8.41	8.15
Average price paid									
by packers:									
Sheep and lambs ...:	8.74	8.55	8.18	7.28	7.90	8.31	8.23	8.26	
Average price received by farmers:									
Sheep .....	4.30	3.95	3.86	3.36	3.53	3.69	3.92	3.83	3.79
Lambs .....	8.42	7.87	7.48	6.37	6.82	7.08	7.60	7.48	7.38

Agricultural Marketing Service. 1/ Lots averaging within top half of good grade.

Index numbers of income of industrial workers, and cash income from meat animals, specified periods

Item	Calendar year:		Jan.-Nov.	Nov.	Oct.	Nov.
	1937	1938	1938	1939	1938	1939
Income of industrial workers						
(1924-29 = 100) .....	94	73	72	82	78	91
Cash farm income from meat animals						
(1924-29 = 100) .....	85	78	79	80	84	84

United States Department of Commerce.